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RECORD OF ORAL HEARING
UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

EX PARTE JAMES A. SATCHELL, et al.

Appeal 2008-0071
Application 09/686,626
Technology Center 2100

Oral Hearing Held: August 14, 2008

Before FRED E. McKELVEY, HOWARD B. BLANKENSHIP, and
ALLEN R. MacDONALD, *Administrative Patent Judges*.

APPEARANCES:

ON BEHALF OF THE APPELLANT:

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1 PROCEEDINGS

2 JUDGE MacDONALD: Please have a seat. We will ask everybody
3to identify themselves for the court record or for the record. And we will be
4starting as soon as you're ready. Judge McKelvey is with us from Hawaii by
5video conference.

6 This hearing is a little bit exceptional in that it's -- the length of time
7 will be a little bit longer. We do have to end though by 2:49 so we can clear
8 the room by 2:50 because there are other things. We have to be out at 3:00.
9 So you have from starting now until 2:49 to do your presentation.

10 MR. PAVELKO: Thank you very much. We appreciate the extra
11 time.

12 JUDGE MACDONALD: And could we just -- could you start with
13 your name, your colleagues, and your -- and the guests' names?

14 MR. PAVELKO: My name is Thomas Pavelko. With me is my
15colleague, Peter Pecharsky. Also with me is Mr. James A. Satchell, Jr., one
16of the co-inventors, and his wife, Patricia Satchell, and his mother, Kawana
17Satchell.

18 JUDGE MacDONALD: Okay.

19 MR. PAVELKO: This is a re-issue case. We have an issue of
20 recapture among other issues here. I'd like to address that first.

21 Method Claims 114 and 127, 129, and 130 are rejected as recapture.
22 We have several responses to that. First is there's no recapture issue here at
23 all. The original patent had two independent claims at the start of
24 prosecution. One's matured into Claim 12 of the original patent. The other
25 one, which is Claim 1, was rejected. Claim 1 was amended to include all the

1limitations of Claim 12. But as Claim 12 had no comment, no argument, no
2preliminary amendment, no response whatsoever, it's our position that
3there's no recapture and, in effect, form over substance, it's like adding
4additional limitations onto Claim 12 rather than rewriting Claim 1 in
5independent form.

6 JUDGE MacDONALD: Hasn't, though, the CAFC spoken to this
7issue already at Honeywell?

8 MR. PAVELKO: I tried to find an issue right on point and I could
9not.

10 JUDGE MacDONALD: I think the Honeywell case is the one where
11they looked at Claims 1 and 2 and made a determination about -- it may not
12be in a reissue context, but they made a determination about the effect of
13doing the type of amendment you're talking about.

14 MR. PAVELKO: Okay. Well, let me go onto the second part -- or
15there's actually two more parts of the recapture. As the Examiner says in his
16answer, he applies -- he says he applies the Clement three-step test. But all
17he says is, on page 6 of the answer, in response to the rejection of Claim 1 in
18the original case, Claim 1 was amended to recite a vending machine having
19a door for retrofitting an existing vending machine consistent with allowable
20Claim 10 in the amendment of December 30th, 1997. Claims as broad or
21broader than the scope of original Claim 1 and then surrendered subject
22matter cannot be recaptured. And he doesn't go on to any further steps of
23Clement, that is to say, what is it that we are attempting to recapture and is
24there a further amendment which narrows the subject matter that was not the
25part of a broadening. That -- I think, we're all familiar with Clement.

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1 And in our case, we've argued that, one, we have manipulative steps.
2There was no method or manipulative steps in the original case. Exhibit B-1
3to the brief is the original reissue declaration, which says I overlooked the
4method claims. I'm not saying just because we cast them as a method, that
5that's per se overcoming the recapture.

6 I did want to bring to the attention of the Board two decisions which
7you're probably aware of. Both were issued subsequent to briefing. One is
8Ex Parte Bradshaw, July 19th, 1997, and the other one was Ex Parte
9Lieberman, also May 2007. So those two cases --

10 JUDGE MacDONALD: I take it those are both from the --

11 MR. PAVELKO: -- have to do with the issue of just recasting a claim
12as method claims and saying that no per se --

13 JUDGE MacDONALD: Which court?

14 MR. PAVELKO: This Board. I'm sorry.

15 JUDGE MacDONALD: Oh, the Board. Okay.

16 MR. PAVELKO: This Board.

17 JUDGE MacDONALD: Thank you.

18 MR. PAVELKO: It's on the Web site.

19 I'm not arguing that just because we recast them as method claims,
20that avoids the recapture. What I'm saying is its clearly overlooked subject
21matter by the affidavit -- the reissue declaration that says I overlooked the
22method claims. We never had method steps or manipulative steps in the
23original case. So it's not cancelled subject matter. And they have material
24limitations, that is, the actual manipulative steps of the method which further

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1narrow the claim. So under the third test of Clement, we still avoid the
2improper recapture.

3 JUDGE McKELVEY: What would be your answer to the question, if
4you practice the invention of Claim 12 of the patent, wouldn't you inherently
5practice the method steps you're now seeking?

6 MR. PAVELKO: Could I just have your -- I need to look at Claim 12
7of -- I'm now reviewing Claim 12 of the original patent being reissued. And
8it just said the door for retrofitting an existing vending machine. It doesn't
9have that you have the steps that we recite in the actual steps of the claims to
10achieve that.

11 JUDGE MacDONALD: Can we shift to a specific claim? You're
12saying the claims and there were an awful lot of claims.

13 MR. PAVELKO: Right. Okay. I will go to --

14 JUDGE MacDONALD: Is there one in particular?

15 MR. PAVELKO: I believe the question was open-ended, but I'll
16address it.

17 JUDGE BLANKENSHIP: I think Claim 127 --

18 MR. PAVELKO: Claim 114.

19 JUDGE BLANKENSHIP: 127 was mentioned in the brief.

20 JUDGE MacDONALD: Well, 114 I believe is a better one. I --

21 MR. PAVELKO: Okay.

22 JUDGE MacDONALD: Simply because it's the first one.
23Independent claim in the recapture is an issue here.

24 MR. PAVELKO: Okay. It says --

25 JUDGE BLANKENSHIP: Well, for example --

1 MR. PAVELKO: -- the purchase of at least one item -- you know,
2this is down in Step 2 of that. The purchase of at least one item permits the
3customer to be operatively connected via the Internet to Web sites. So we
4are saying by putting money into purchase the vended item, you're, in
5addition to the vended item, getting access to the Internet. That is something
6that's not inherent in independent Claim 12 of the patent being reissued.

7 JUDGE MacDONALD: I thought, though, I had seen it in Claim 1.
8Where it automatically displays information obtained from the Internet for
9viewing by the customer.

10 MR. PAVELKO: Right. But that does not connect you to the Web
11site so that you can then do the next step, which is allowing access.

12 JUDGE MacDONALD: Well, but -- yeah, but what you're -- the
13problem I'm having with the way you're phrasing it, and makes it very
14difficult for us, is the decisions look to overlooked aspects. So I'm going
15through the method steps one at a time looking for those aspects in the
16claims. Are they -- were they present previously or were they overlooked.
17Providing a vending machine clearly was not overlooked because your claim
18is a vending machine. It has to be provided before you can have it.

19 MR. PAVELKO: That's correct.

20 JUDGE MacDONALD: Two, we're talking about the purchase is
21operatively connectable via the Internet. Well, that appears to be in the
22claim. You're now moving onto the third step. In other words, I'm getting --
23what I'm getting at is these have to be looked at as individual aspects; were
24they present in the -- inherently or explicitly in the apparatus claim or not.

1And that analysis I'm not seeing here. That's what -- so I -- if you're going to
2discuss Claim 114 --

3 MR. PAVELKO: Well, as I said --

4 JUDGE MacDONALD: -- please do it in terms of --

5 MR. PAVELKO: -- okay, the Examiner never, never reached this
6three-step test. We kept asking him to show us the three-step test and he hit
7step one and ended there, and we never got on to going through this
8discussion with him below in the brief.

9 JUDGE MacDONALD: Well, what I'm concerned is, it sounds like
10you're saying that the Examiner has to carry all the water in his analysis. I
11would think the Examiner's duty is to show the basic steps, that there was an
12amendment, that -- what the claim was prior to the amendment, what was
13added to the claim, what -- was there some kind of surrender involved, and
14does the claim here appear to remove that. And then the next thing to occur
15is the analysis we're now talking about where you show that --

16 MR. PAVELKO: There was further narrowing of the case. Exactly.

17 JUDGE MacDONALD: Yeah, that these are not present in those
18claims; these are an overlooked aspect.

19 MR. PAVELKO: Okay.

20 JUDGE MacDONALD: It was -- it's patentable and it was not in the
21claims. Or alternatively showing that there was no surrender, which is the
22other path.

23 MR. PAVELKO: Right. But in -- okay. I see what you're saying
24here. Was that overlooked? The declarant says that the method
25manipulative steps were overlooked. They forgot an aspect that he thought

1about. It's in his original reissue declaration. We have cast the claim being
2a series of manipulative steps. These manipulative steps were, what he says,
3were overlooked. You are saying does the apparatus inherently perform
4these steps, is that what you're saying or --

5 JUDGE MacDONALD: Well, I think our analysis will be based in
6part on looking at each aspect, do we find it there or is it missing; does it
7make it patentable. I think if you look at the more recent decisions of the --
8of this Board with respect to reissue/recapture, it's quite a lengthy analysis
9that has to take place and it's quite detailed and it's very specific to the
10aspects that are in the claim: were they present in the prior claims, what was
11surrendered, what wasn't surrendered. And, like I said, there are two major
12issues here with respect to recapture. You can -- we can conclude that there
13was no surrender, which happens once in a while, or we can conclude that
14there was an overlooked aspect and, therefore, the surrender is not, you
15know, not really relevant to it. But it's based on looking at the individual
16elements in the claim and looking at the claims that were patented.

17 MR. PAVELKO: Okay. Well, again, I would point out to Claim 2
18and 3 -- not -- sorry -- Claim 114, Steps 2 and 3. The purchase permits the
19customer to be operatively connected via the Internet to a Web site. And
20then Part 3 of that, allowing access to the Web site by the customer, the
21access comprising entering money or credit card information in the vending
22machine and consumer input of data to the computer of that vending
23machine.

24 In 127, I think somebody raised that point. I'm not sure. Which if it
25was, again, we provide a customer access to the Web site on the Internet

1World Wide Web through interaction with the vending machine, or at least
2part of the access located on a door of the vending machine. Yes, there is a
3door in the apparatus claim, either Claim 1 or Claim 12 of the patent. But,
4again, this is the manipulative step of permitting that customer that access,
5which is not necessarily inherent in the machine itself. The machine doesn't
6necessarily perform manipulative steps. And that's what is important to the
7client, to the applicant. It was an overlooked aspect. And that's what creates
8the reissue question here. It didn't provide him with enough protection just
9to have the machine.

10 There was another -- I was going to say I thought there was another
11claim --

12 JUDGE MacDONALD: Judge Blankenship, was his -- was that the --
13those the only independent claims rejected on recapture?

14 MR. PAVELKO: Right. All the method claims -- as far as I
15remember, all the method claims are rejected as recapture. They are not
16rejected -- not all of them are rejected on prior art, but they are all rejected
17on recapture.

18 JUDGE MacDONALD: Okay. Claim 30 is the other independent
19method claim.

20 MR. PAVELKO: Okay.

21 JUDGE MacDONALD: I believe that's the same issue you were
22talking about in 27.

23 MR. PAVELKO: Right. The previous discussion is Claim 127. 130
24says that the improvement comprising incorporating the interactive,
25consumable, accessible Internet communication device into the vending

1machine to permit the customer access to Web sites. Now here it is broader
2than the door. We're not saying that here the access is in, quote, "in the
3door," as we did in the original patent. But, again, as a manipulative step,
4we're permitting that interactive customer communication using the vending
5machine as -- basically, you would call a portal to the Internet. You're using
6that as the access point. Which up until this time, we don't believe there's
7any prior art showing a vending machine in combination with a customer or
8a consumer access to the Internet. And we'll get into that when we talk
9about the prior art. But I do want to touch on this issue here because I think
10this is probably the most important of the questions that this Board has. Are
11there any other questions?

12 JUDGE MacDONALD: I'm sorry.

13 MR. PAVELKO: I'm sorry.

14 JUDGE MacDONALD: No. I did want to make one comment
15because I forgot to mention it earlier. With respect to the Honeywell case I
16mentioned, just for your information, it's an en banc case. So when you're
17looking for it -- there's lots of Honeywells --

18 MR. PAVELKO: Okay.

19 JUDGE MacDONALD: -- obviously, but that particular one, the
20CAFC was an -- it was an en banc decision.

21 MR. PAVELKO: Okay. I did find a case, C.R. Bard. It was a federal
22circuit case. The cite is 48 USPQ2d 1225. There the original patent was to
23an injector machine for a medicament with the injector machine and a
24needle. When they came back to reissue it, they put in claims just to the
25needle. And the Court in that case did not really argue -- you know, go into

1the detail that other recapture cases did, but it basically says an inventor's
2failure to appreciate the scope of the invention at the time of the original
3patent grant, unless an initial intent not to claim the omitted subject matter,
4is a remediable error.

5 And I just wanted to point out that you might say that the aspects kind
6of overlap. If you have a machine, maybe you can use it by some
7manipulation in the same manipulative manner. But we have a specific
8manipulative manner which was never claimed, never subject -- cancelled
9subject matter, never argued for patentability. And that's the argument for
10the nonapplication of recapture, improper recapture.

11 JUDGE MacDONALD: Did you cite that case? I don't -- I just don't
12see it in the --

13 MR. PAVELKO: No. I don't think we cited the --

14 JUDGE MacDONALD: Okay. Just --

15 MR. PAVELKO: -- Bard case. I'm sorry.

16 JUDGE MacDONALD: Okay. Just make sure we write down the --
17that info so we can look it up.

18 MR. PAVELKO: If there are no more questions on the recapture, I'll
19turn to the prior art.

20 JUDGE MacDONALD: Okay.

21 MR. PAVELKO: We have a reference --

22 JUDGE MacDONALD: Judge McKelvey, do you have any
23questions?

24 MR. PAVELKO: Oh, I'm sorry.

25 JUDGE McKELVEY: No, I have no questions on the recapture.

1 MR. PAVELKO: Okay. We have a --

2 JUDGE BLANKENSHIP: I have a question why your Claim 12 of
3the patent -- it's not necessarily related to recapture, but it says a storage unit.
4Is that storage unit shown in the drawings?

5 MR. PAVELKO: The storage unit shown in the drawings? No, I
6don't see it shown in the drawings. Uh-uh.

7 JUDGE BLANKENSHIP: Is it described in the written description?

8 MR. PAVELKO: I believe it is, Your Honor. In the summary of the
9invention on the original patent it says purchasing merchandise, such as soft
10drinks in bottles, plastic containers or cans, as well as any other item or
11merchandise which can be purchased through a vending machine. And that's
12at column 1, line 62.

13 JUDGE BLANKENSHIP: I'm just wondering where this --

14 JUDGE MacDONALD: Then it says -- I'm sorry, column 3, about
15line 13, these and other objects of the invention are basically obtained by
16providing a storage unit for storing a plurality of different items for sale and
17a dispensing mechanism for dispensing the items from the storage.

18 JUDGE BLANKENSHIP: Well, it seems to be described more
19specifically in column 4, first full paragraph. But I really can't tell where
20these patents that are cited have a storage unit in the door and I don't see in
21the drawings or the written description of the patent where there's a storage
22unit in the door.

23 MR. PAVELKO: It says the door is -- in one embodiment the door is
24constructed as a retrofit to an existing vending machine.

1 JUDGE MacDONALD: I think the question really revolves around
2the fact that some -- it just appears that some parts of the claim -- when it
3was written as a vending machine claim, these are parts of the vending
4machine; they're just not part of the door. So it was amended to be the door
5only as having these parts there is a little confusing.

6 MR. PAVELKO: Okay.

7 JUDGE MacDONALD: Because they're -- they aren't part -- they are
8not part of the door.

9 MR. PAVELKO: Well, you can --

10 JUDGE MacDONALD: Is that --

11 MR. PAVELKO: There are certain aspects where the door itself can
12be the storage for vended items.

13 JUDGE MacDONALD: Do you have any --

14 JUDGE BLANKENSHIP: Well, I mean, I don't see that in the --

15 MR. PAVELKO: But it's not in the drawings.

16 JUDGE BLANKENSHIP: -- description of the --

17 MR. PAVELKO: Right.

18 JUDGE BLANKENSHIP: I don't see that in the patent, but --

19 MR. PAVELKO: Well, again, I just direct your attention to the fact
20that, you know, Claim 9 was -- or, I'm sorry, Claim 12 was an original claim.

21 JUDGE MacDONALD: Oh, as filed.

22 JUDGE BLANKENSHIP: Right.

23 MR. PAVELKO: As filed. But, again, I did not see it in the
24drawings, the --

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1 JUDGE MacDONALD: So you're saying it's more of a -- just an
2 oversight that it wasn't mentioned in the specification if it's --

3 MR. PAVELKO: Right.

4 JUDGE MacDONALD: -- if it's not, that it's not really a 112
5 problem.

6 JUDGE BLANKENSHIP: Okay. Thank you.

7 MR. PAVELKO: Okay. On the Sokal reference. Sokal is used in,
8 I'm guessing, in all the claims. It was rejected over prior art. It's used
9 mostly in a 103. It's used by itself against Claim 130. All the other
10 rejections is something in combination with Sokal.

11 Sokal was an application filed October 10th, 1995; issued September
12 1999. So it issued after our case was filed, but it was filed before. So it's a
13 102(e) reference. It's not a bar. It's not a competing invention. That is,
14 we're not both claiming the same invention. There's been no double
15 patenting claim or interference attempt or anything like that. We have
16 provided many cases of showings of --

17 JUDGE McKELVEY: Mr. Pavelko, I'm going to tell you right now
18 I'm having a hard time following your brief. It just -- it doesn't take me
19 through from A to Z. It just says, here's a bunch of documents; you go look
20 at them, Judge, and maybe you can find my case.

21 Now, is it true that you do not claim under 120 the benefit of the
22 earlier patent serial number 429583 filed on August 17th, '95?

23 MR. PAVELKO: I believe we claim benefit, but I do not believe
24 we're entitled to 121 benefit, Your Honor. It says on the claim to the

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1original patent that it's a continuation. So we are claiming the benefit under
2120.

3 JUDGE McKELVEY: Okay. But you don't say you're entitled to that
4benefit as to the claims on appeal?

5 MR. PAVELKO: That's correct, Your Honor.

6 JUDGE McKELVEY: Okay. So you're contending that Sokal is not
7prior art because you made some invention prior to that filing date and were
8diligent?

9 MR. PAVELKO: That's correct, Your Honor. Prior to the filing date
10of Sokal --

11 JUDGE McKELVEY: Is it your position that the -- well, is it true that
12the reduction to practice you're relying on is the filing of the application that
13matured into the patent we're talking about today? In other words --

14 MR. PAVELKO: In one argument, yes, Your Honor. In one
15argument the --

16 JUDGE McKELVEY: Do you contend that there's any actual
17reduction of practice?

18 MR. PAVELKO: No actual reduction of practice.

19 JUDGE McKELVEY: So you're talking about a conception of
20something prior to October 10th, 1995?

21 MR. PAVELKO: That's correct, Your Honor.

22 JUDGE McKELVEY: Coupled with diligence to September 18th,
231996?

24 MR. PAVELKO: That's correct, Your Honor. In one --

25 JUDGE McKELVEY: But where's --

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1 MR. PAVELKO: In one argument.

2 JUDGE McKELVEY: -- the conception? Where's the conception
3shown?

4 MR. PAVELKO: I think we have two affidavits there, B-2 and B-3.
5The exhibits --

6 JUDGE McKELVEY: Well, just tell me where it is. Tell me what
7the story is. Don't tell me there's an affidavit. Just tell me what the story is.

8 MR. PAVELKO: Okay. The inventor conveyed -- Mr. Satchell
9conveyed the information to another individual who corroborated, Your
10Honor.

11 JUDGE McKELVEY: Conveyed --

12 MR. PAVELKO: He conveyed --

13 JUDGE McKELVEY: -- what information?

14 MR. PAVELKO: If you want to go into the specifics, I believe it's in
15the brief.

16 JUDGE McKELVEY: All right. Show me where.

17 MR. PAVELKO: Recite beginning at page 12. Ample evidence of
18conception corroborated by Ms. Doris Stroud (ph.).

19 JUDGE McKELVEY: I'm a little slower. Let me get there. Okay.
20All right, I'm there.

21 JUDGE MacDONALD: Go ahead.

22 JUDGE McKELVEY: I see a bunch of case citations, but where is
23there -- where does it talk about the evidence in this case?

24 JUDGE MacDONALD: Make sure you're on the same page.

25 MR. PAVELKO: The evidence in this case?

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1 JUDGE McKELVEY: On the appeal brief.

2 MR. PAVELKO: This is on page 12 of our appeal brief.

3 JUDGE McKELVEY: Right.

4 MR. PAVELKO: Beginning at the bottom, starting conception, the
5heading.

6 JUDGE McKELVEY: All right.

7 MR. PAVELKO: We talk about the evidence of the declarations from
8Ms. Doris Stroud. There's two of them. We talk about a --

9 JUDGE McKELVEY: And what am I supposed to do? Go look and
10try to figure out what you're -- what the facts are? Or tell me what -- how
11does this tell me what the facts are?

12 MR. PAVELKO: Well, I think the -- I can't make up the evidence,
13Your Honor. The evidence is in the affidavit or the declaration.

14 JUDGE McKELVEY: You're telling me, Judge, go look at this
15affidavit and maybe you can figure out that there's ample evidence of
16conception. The first question I got is conception of what? What is the
17conception you're relying on to -- upon which now you're going to base your
18diligence?

19 MR. PAVELKO: The conception of the invention, Your Honor.

20 JUDGE McKELVEY: What invention?

21 MR. PAVELKO: The invention claimed in this --

22 JUDGE McKELVEY: The claimed invention?

23 MR. PAVELKO: The invention claimed in this case, Your Honor.

1 JUDGE McKELVEY: The invention claimed in this case. So you're
2 telling me that those affidavits show the invention -- a conception of the
3 invention claimed in this case?

4 MR. PAVELKO: Yes, Your Honor.

5 JUDGE McKELVEY: Not some other invention that would render
6 this invention obvious or anything of that sort?

7 MR. PAVELKO: As I understand your question, yes, Your Honor. I
8 mean, it's this invention that we have evidence of conception. We're not
9 dealing with another invention. I'm not sure I understand --

10 JUDGE McKELVEY: Okay, that same --

11 MR. PAVELKO: -- the question, Your Honor.

12 JUDGE McKELVEY: See, the reason I'm a little confused here is
13 because in the brief, there's a mention of some affidavits filed -- I'm going to
14 try to find it -- in 2003, which -- maybe it's a typo. I thought I had circled it
15 here somewhere. Oh, yes, page 11, first paragraph. Look at the next to the
16 last line. Is that 2003 a typo?

17 MR. PAVELKO: Page 11 on the brief?

18 JUDGE McKELVEY: Of the brief, first paragraph.

19 MR. PAVELKO: No, the declarations are dated in 2003. That's
20 correct. The declarations are dated -- they're submitted long after the --

21 JUDGE McKELVEY: Well, I'm having trouble -- why would there
22 be a declaration dated before you ever filed a case in 1995?

23 MR. PAVELKO: I don't believe there is a declaration before 1995,
24 Your Honor.

1 JUDGE McKELVEY: Well, it says 2000- -- oh, I'm sorry. Excuse
2 me. I misread that to be 1993. I'm sorry. I wasted your time. Okay.

3 Okay. Now where -- where's our explanation to us what these -- what
4 this evidence shows in this brief?

5 MR. PAVELKO: It says -- this is -- I'm reading off Exhibit B-2: I
6 recall that Mr. Satchell was applying for his patent application pro se and it
7 was part of my duties at the time to assist pro se applicants in filing their
8 patent application. It was shortly after mailing on May 24th -- this is
9 paragraph six -- that I had discussions with Mr. Satchell in my capacity as
10 assisting pro se applicants. I specifically recall discussions with Mr.
11 Satchell concerning his invention for providing patrons or customers of
12 vending machines with Internet World Wide Web access by including into a
13 vending machine a public access to the Internet World Wide Web to the
14 vending machine door, which included a video screen and selective
15 mechanism to access Web sites and other Internet World Wide Web
16 information. And it goes on.

17 JUDGE MacDONALD: I think part of Judge McKelvey's concern
18 here is that the way the brief is structured, it's pretty much an invitation for
19 the panel here to go through the affidavit -- or, I'm sorry, the declaration and
20 the claim and do the correspondence there between, rather than finding the
21 correspondence in the brief so that we can determine that a particular claim,
22 all of its aspects, are found in the evidentiary document. I -- going through
23 the section of the brief that deals with conception, I just see general
24 statements. I don't see that it lines up the particular elements of the claim
25 with the evidence.

1 MR. PAVELKO: Okay. Again, I apologize for that if it's in the brief
2 presentation. But, again, the evidence is the actual declaration. I'm not
3 making this evidence --

4 JUDGE MacDONALD: Oh, I'm --

5 MR. PAVELKO: -- and I don't want it to come across like --

6 JUDGE MacDONALD: But ultimately our concern is that the --

7 MR. PAVELKO: It may not have been easy to follow --

8 JUDGE MacDONALD: -- that the claim --

9 MR. PAVELKO: Right.

10 JUDGE MacDONALD: -- and the aspects of the claim are found in
11that evidence.

12 MR. PAVELKO: But -- and one point I would like to raise --
13comment. You said every aspect of the invention claim must be in the
14conception. I don't think that's the rule. The Examiner has cited --

15 JUDGE MacDONALD: I apologize.

16 JUDGE McKELVEY: But you just told me that the conception's
17going to show the claimed invention. Now --

18 MR. PAVELKO: That's correct, Your Honor.

19 JUDGE McKELVEY: -- you're saying it doesn't. I'm confused here.
20Does the conception show the claimed invention you're trying to get a patent
21on?

22 MR. PAVELKO: The -- I believe that the declaration evidence --

23 JUDGE McKELVEY: Either yes --

24 MR. PAVELKO: -- does, Your Honor. I believe it does.

1 JUDGE McKELVEY: So what's the argument that it doesn't have to
2 show all the elements?

3 MR. PAVELKO: I think that's not the correct statement of the law,
4 Your Honor. I think you have to have a general --

5 JUDGE McKELVEY: Well, I'm not worried about the correct
6 statement. I'm worried about the facts in this case. You said to me in
7 response to my question that this evidence shows conception of the claimed
8 invention.

9 MR. PAVELKO: That's correct, Your Honor.

10 JUDGE McKELVEY: And now you're saying it doesn't have to show
11 all the elements of the claimed invention.

12 MR. PAVELKO: I just took issue with the statement by Judge
13 MacDonald, Your Honor.

14 JUDGE McKELVEY: Well, why is --

15 MR. PAVELKO: But I believe that these declaration statements
16 mirror the claim.

17 JUDGE McKELVEY: So there's no need to get into any analysis of
18 whether something less than this claim is shown in that conception, isn't that
19 right?

20 MR. PAVELKO: I think that could be an issue, yes, if there is
21 something less than everything that's in the claim. I don't think there has to
22 be a 112 support in a conception document, Your Honor.

23 JUDGE McKELVEY: Well, I'm totally confused. How are you
24 going to show that you had possession of this claimed invention as you say
25 this evidence shows if you show something less than what's claimed?

1 MR. PAVELKO: Again, I think the case law supports if you have a
2 general statement of a claimed invention -- you don't necessarily have to
3 have the statement in a 112 fashion to support the claim, but you have
4 enough disclosure in the conception to support the generally claimed subject
5 matter, then I think that's conception.

6 JUDGE McKELVEY: But would you agree that whatever it is that
7 you have conceived has to be enabled?

8 MR. PAVELKO: I'm sorry. I didn't understand that.

9 JUDGE MacDONALD: Does what you are arguing in the conception
10 of have to be enabled?

11 MR. PAVELKO: I don't believe that's true.

12 JUDGE McKELVEY: Well, how can you have a conception -- a
13 conception is an idea plus the means to put it into practice.

14 MR. PAVELKO: The general means, Your Honor. I believe you
15 have to have -- I mean, it just can't be an abstract idea like I want to change
16 lead to gold and nobody so far has come up with that magic lodestone to do
17 that. So in that case I would agree. You are correct. You have to have a
18 general means to do it. If you have a much simpler mechanism to cause a
19 chemical reaction to give you a reactive product that is of interest, but it's so
20 poor yield or in such poor quality, then I don't believe you have to go to the
21 step of refining that conception of how to do that process before you have
22 evidence of conception of a process.

23 JUDGE McKELVEY: So you're saying that, in the 131 context,
24 patenting the idea and some notion about how to do it, enabled or otherwise,
25 is sufficient?

1 MR. PAVELKO: I wouldn't go that far, Your Honor. I think --

2 JUDGE McKELVEY: Well --

3 MR. PAVELKO: -- what it was here is, Mr. Satchell knew that the
4Internet existed. The question came up by the Examiner, how does it work?
5And he says, I really don't know. And I don't think people today, if you ask
6the average Internet user, how does it work, they wouldn't have the faintest
7idea how it works. They know how to input. They know what they want to
8get. But how it works, I don't think he needs to know that, how that's done.
9He knows the Internet existed. He knows that he wanted to provide access
10to a customer walking past a -- basically, a private machine to that Internet.
11I think that's enough of a leap of enablement to say there are others that can
12do the routers and servers and whatever it takes to get them between the
13consumer and the Web site without him having to know how to do that.

14 JUDGE McKELVEY: Well, what you're saying then is that all he has
15to know is that I hook my machine up to the Internet?

16 MR. PAVELKO: Right, a vending machine. That was his concept
17here. It's like talking about --

18 JUDGE McKELVEY: So why wouldn't that be an enabling
19description given that everybody knows -- not everybody knows, but the
20Internet exists; if I hook into it, I know what will happen. That's all you
21need, isn't it?

22 MR. PAVELKO: Pretty much, I think, what he would need, yes.

23 JUDGE McKELVEY: So you do have to have an enabling disclosure
24of how to hook into the Internet.

25 MR. PAVELKO: All we --

1 JUDGE McKELVEY: If you do that, you're okay.

2 MR. PAVELKO: Even there, Your Honor, I don't think -- you're
3 putting too much of a burden on the inventor to do things that are beyond the
4 inventive process.

5 JUDGE McKELVEY: No, I --

6 MR. PAVELKO: He is saying my idea is -- walking past a vending
7 machine prior to my invention, it just sits there and gives me whatever I put
8 money in for, whether it's candy bar or soda. It doesn't talk to me. I can't
9 interact with it. It doesn't do anything to get me to a Web site. He comes up
10 with that idea.

11 JUDGE McKELVEY: Then I can come back and say --

12 MR. PAVELKO: That is his idea.

13 JUDGE McKELVEY: -- to you, that's a great idea; how do you do it?
14 Now then explain --

15 MR. PAVELKO: The how to is beyond the control of conception. I
16 think the how to you rely on other people, the how to. How do you hook up
17 to the Internet? I mean, physically, how do you start from the front of a
18 vending machine, make that first few feet or last, you know, meter, they call
19 it; how do you make that connection? I don't think that's his burden to say
20 this is how you do it. I think that -- by the time he's gotten that far in the
21 conception idea, I think there are other people, not necessarily in that field,
22 but other people in the field of Internet that would say, here is how we could
23 do the full World Wide Web to get you that meter between your vending
24 machine and the connection. There are parts that can be purchased. There
25 are routers and switches that can be used. There are computers that could do

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1it. Does this guy have to know how to actually construct a computer in
2order to get an invention on this idea? I don't think he does.

3 JUDGE MacDONALD: I'm going to just interrupt for a second,
4given the time frame, and we have a lot -- I shouldn't say we. You may have
5other issues you want to discuss.

6 MR. PAVELKO: Thank you, Your Honor. I do want to point out,
7with Sokal we have this period of October 10th of filing of Sokal and the
8filing of the case which matured into the patent. The Examiner has given us
9conception, I believe, from March of '96 to the filing date. So we're looking
10at a more restrictive date of October 10th to March -- October 10th, 1995, to
11March 1996. In that time period, we had certain intervening events.

12 JUDGE McKELVEY: What's the significance of the March date?

13 MR. PAVELKO: I'm sorry, I didn't get that?

14 JUDGE McKELVEY: March '96?

15 JUDGE MacDONALD: What's the significance of the March date?

16 MR. PAVELKO: The Examiner examining this invention suggested
17to the inventor that he seek, you know, representation and -- which he did.
18And based on that, I believe, the Examiner has given him the diligence from
19the March date when that office action issued to the filing date of the CIP
20application. It's in the answer.

21 JUDGE BLANKENSHIP: Is there any evidence of that diligence in
22the record, in the file?

23 MR. PAVELKO: I don't believe that --

24 JUDGE BLANKENSHIP: Because a while ago you were saying that
25-- you were alleging diligence up to September 18th, 1996.

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1 MR. PAVELKO: That's correct, Your Honor. But the Examiner has
2--

3 JUDGE BLANKENSHIP: So what's the evidence of that diligence,
4that six month period?

5 MR. PAVELKO: The Examiner granted it. I don't think that was
6contested. So I don't think we put in any additional evidence other than
7what the Examiner granted.

8 JUDGE BLANKENSHIP: Why did the Examiner grant it?

9 MR. PAVELKO: Again, Your Honor, I don't know.

10 JUDGE MacDONALD: Proceed.

11 MR. PAVELKO: Anyway, in that intervening period, Mr. Satchell
12created an amendment to the original case, the original filed application,
13429583. It was filed in November 1995. In that discussion there's also
14further exemplification of Internet. There's further drawings with Internet
15machines. There's further description of Internet application. That was filed
16in November. That amended appending application -- now, that -- while that
17does not give us a separate filing date, that certainly shows that as of that
18date he reduced to practice that part of the invention.

19 JUDGE McKELVEY: Now, Mr. Pavelko, that application's now
20abandoned, isn't that right?

21 MR. PAVELKO: That is correct, Your Honor.

22 JUDGE McKELVEY: I've never heard of a abandoned application
23serving as a constructive reduction of practice.

24 MR. PAVELKO: Well, it's abandoned now, certainly, Your Honor.
25It wasn't abandoned at the time that was filed. That was still pending at that

1date. And applications that are abandoned certainly can be the constructive
2reduction of practice. Absolutely.

3 JUDGE McKELVEY: Well, In re Campbell says otherwise. I'm just
4here to tell you.

5 MR. PAVELKO: I will do that, Your Honor. But to me, as long as
6you have the basis in that application, why -- and then you claim benefit
7from it, why can't you get the benefit of that?

8 JUDGE McKELVEY: You're saying that then, contrary to what you
9told me earlier, are you relying on a constructive reduction of practice in
10November of 1995?

11 MR. PAVELKO: That's at least one of our arguments, Your Honor,
12yes, that that document is a constructive reduction of practice. If you reject
13that, then we have other evidence of diligence beyond that date. But that, we
14contend, at least is -- we have some case law cited that says if you have an
15application that's been amended to contain the subject matter, that shows that
16you have possession of it.

17 JUDGE McKELVEY: Now what case would that be?

18 MR. PAVELKO: If you'll grant me to the end of the hearing, Your
19Honor, to provide that information? I do have a lot of other issues to cover
20here, please.

21 JUDGE McKELVEY: All right.

22 JUDGE BLANKENSHIP: Is the case in your brief?

23 MR. PAVELKO: Yes, it's in the brief.

24 JUDGE MacDONALD: All right. Then we're -- if it's in the brief,
25we're good then.

1 MR. PAVELKO: Okay. Getting back to the Coals [sic] then. We
2 attempted to annotate the Coals -- I'm sorry, not Coals, Sokal. We attempted
3 to annotate the Sokal reference. In addition, we have a -- basically, a Sokal
4 who is a -- what today is called a kiosk. It's not a vending machine. It's a
5 structure that does permit you to connect to the Internet. It's not different
6 than a PC, except it's out usually in a public area. It doesn't vend anything.
7 It's like combining apples and oranges. Why would somebody, anybody
8 skilled in the art, make that combination absent the suggestion we provide.
9 And, basically, each of our arguments on the prior art is on that concept.

10 JUDGE MacDONALD: Yeah, isn't that pretty much though, given
11 the Supreme Court's ruling in KSR, isn't that pretty much -- if Sokal is a
12 reference --

13 MR. PAVELKO: Sokal is prior art. If Sokal is prior art --

14 JUDGE MacDONALD: No, I mean, if the declarations are not
15 sufficient to eliminate --

16 MR. PAVELKO: Right. We --

17 JUDGE MacDONALD: -- it then --

18 MR. PAVELKO: -- concede that. Sokal is prior art and so is Brad
19(ph.), which is --

20 JUDGE MacDONALD: I'm having a bit of a difficulty seeing how
21 you get around the prior art then with respect to the arguments you're
22 making, given KSR, given the Supreme Court's determination as to what is
23 required with respect to obviousness. And I think these are --

24 MR. PAVELKO: Well, I think KSR still requires that there be some
25 reason, not necessarily motivation --

1 JUDGE MacDONALD: Articulated reasoning.

2 MR. PAVELKO: -- but there's got to be the reasoning.

3 JUDGE MacDONALD: But you -- I think you said --

4 MR. PAVELKO: Where is the reasoning?

5 JUDGE MacDONALD: I think you said suggestion and I think in
6your brief you say motivation and --

7 MR. PAVELKO: Well, I think this brief was written at a time when
8KSR was not --

9 JUDGE MacDONALD: Well, I thought the brief, the supplemental
10brief was filed, I thought, well after KSR was decided, January -- I'm sorry.
11I thought it was late '07, but it's early '07. I apologize.

12 MR. PAVELKO: Yeah, I mean, certainly a lot of things have
13changed since KSR, Your Honor. But, again, KSR doesn't eliminate the fact
14that there has got to be an initial burden of the Examiner to say why this
15should be done, not necessarily motivation. We're abandoning the
16motivation word.

17 JUDGE MacDONALD: I don't know that that's necessarily the case
18in all situations, particularly, if an invention is merely putting -- you know,
19gluing a pen to a coffee cup. That doesn't require any particular motivation
20to do it. You just have to show that a pen is known, a glue is known, and the
21cup is known. Because there's no change in the function of either one once
22they're glued together. So I -- and the Court was pretty specific on that with
23respect to the earlier cases that it referred to. So I think you have to look at
24what is going on in the claim, whether there's merely a connecting of two
25separate things together or there's actually an interaction between them.

1 MR. PAVELKO: Okay. Well, if you go to the apparatus claims,
2 which is the first group of claims rejected, they have --

3 JUDGE MacDONALD: No, no, I'm just --

4 MR. PAVELKO: -- you know --

5 JUDGE MacDONALD: I'm just talking generally. I didn't see that
6 kind of discussion in the brief.

7 MR. PAVELKO: No, I don't think it was at that time, Your Honor.
8 But in this case, basically, Sokal is a -- what we call a kiosk. You can go to
9 it. You can access it. It will give you an Internet connection. It won't vend
10 anything. So you can either --

11 JUDGE McKELVEY: It won't do what anything?

12 MR. PAVELKO: Will not vend. Vend.

13 JUDGE MacDONALD: I --

14 MR. PAVELKO: Sell.

15 JUDGE MacDONALD: I apologize. You made it very clear in your
16 claims and in the brief that there are two types of things involved. There are
17 physical items and then there is vending of information.

18 MR. PAVELKO: Right.

19 JUDGE MacDONALD: And, clearly, Sokal does vend information.
20 So there's vending, but it is not vending of a physical item. Because I
21 thought the claims were amended to make that clear and --

22 MR. PAVELKO: Right.

23 JUDGE MacDONALD: At least at one point.

24 MR. PAVELKO: At least -- yeah, at least some claims say the
25 physical item is what's being vended. So again you have a machine that's --

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1 JUDGE BLANKENSHIP: Well, I'm not sure that would distinguish
2 over Sokal. Because Sokal sells desktop publishing. I mean, Figure 2 it
3 shows a laser printer, 37, and a receptacle, 38, on top. And it says that --

4 MR. PAVELKO: You put your disk in or your --

5 JUDGE BLANKENSHIP: Oh, that's a separate function.

6 MR. PAVELKO: -- memory device and it comes back out.

7 JUDGE BLANKENSHIP: It has a disk. But it also has a laser printer
8 for desktop publishing.

9 MR. PAVELKO: But, again, the only thing --

10 JUDGE BLANKENSHIP: So you're buying paper, aren't you?

11 MR. PAVELKO: Are you buying paper? I mean, is that really what
12 you're vending? Are you buying paper or are you buying information? Are
13 you buying information?

14 JUDGE McKELVEY: Look, I know the time's short, Mr. Pavelko,
15 but --

16 MR. PAVELKO: Let me just touch on --

17 JUDGE McKELVEY: -- these are --

18 MR. PAVELKO: Let me touch on --

19 JUDGE McKELVEY: A vending machine --

20 MR. PAVELKO: -- the last --

21 JUDGE McKELVEY: Vending machines are old, right?

22 MR. PAVELKO: Vending machines are old. We agree. Vending is
23 old as hills.

24 JUDGE McKELVEY: Sokal's prior art in accessing the Internet from
25 a public source is old.

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1 MR. PAVELKO: Yes.

2 JUDGE McKELVEY: Home computers are old. That's what your
3spec says. Your spec also says vending machines to access information
4that's local is old. Now, this strikes me as a use of known elements for their
5known purpose in combination to achieve nothing more than predictable
6results. You got an answer to that?

7 MR. PAVELKO: I think it is -- it's out of the ordinary. It's like
8taking -- I don't know. Let me think of a good analogy.

9 JUDGE MacDONALD: Given --

10 MR. PAVELKO: Never mid.

11 JUDGE MacDONALD: Given that we're down to literally one
12minute, why don't you go ahead and make whatever point that you feel you
13need to make.

14 MR. PAVELKO: Okay. Just on the 102s of Claim 130, there were, I
15think, three or four references all applied under 102. We pointed out in the
16brief where if you go through the recited elements that are missing, the
17Examiner kind of said it's obvious it must be -- clearly, it's obvious, if not
18inherent. And that's not an inherency rejection. It's got to be inevitable. It's
19got to be it or -- it can't be a choice. If it's one or two, it's not inevitable.
20You still got to make that choice.

21 JUDGE MacDONALD: Yeah --

22 MR. PAVELKO: So I just wanted to add that, that on the last claim
23there's a separate argument --

24 JUDGE MacDONALD: Right. Right.

25 MR. PAVELKO: -- for prior art.

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1 JUDGE MacDONALD: I had noted that.

2 MR. PAVELKO: Thank you very much for your time, Your Honors.

3 JUDGE MacDONALD: Anything else? Thank you. Thank you all
4for coming.

5

6 MR. PAVELKO: Thank you.

7 (Whereupon, the hearing concluded at 2:48 p.m. on August 14, 2008.